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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )

Implementation of Section 309(j) )  
of the Communications Act )  
Competitive Bidding )

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

PP Docket No. 93-253

To: The Commission

COMMENTS OF DIAL PAGE, INC.

Dial Page, Inc. ("Dial Page"), pursuant to Rule Section 1.415, submits its Comments on the Commission's Notice of Proposed Rule Making ("NPRM") to implement competitive bidding to choose from among mutually exclusive applications for initial licenses for the Personal Communications Service ("PCS"). See NPRM, FCC 93-455, 8 FCC Rcd \_\_\_, (October 12, 1993). In support, the following is shown:

1. Dial Page is a Delaware corporation which provides Public Mobile Service, Private Carrier Paging Service, and SMR Service throughout the southeastern United States. Dial Page currently provides service to or has agreements to acquire operating systems serving approximately 400,000 wireless subscribers.<sup>1/</sup> Dial Page

<sup>1/</sup> Dial Page currently provides paging services in small-to-medium sized metropolitan areas throughout nine southeastern states. Throughout those areas, it maintains 27 offices from which to serve its customers. The total population covered by Dial Page's system is approximately 49 million. The Company's multi-state system has more than 200,000 subscribers, making Dial Page one of the 20 largest providers of paging services in the United States. In 1986, Dial Page pioneered the development of regional paging systems by introducing alphanumeric service. Since that time Dial Page has penetrated 12 percent of the market, triple the national average. Today, the network covers nine southeastern states and utilizes state-of-the-art interactive satellite technology.

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sees PCS as complimentary to the existing mobile communications services it provides. Dial Page's experience in and ongoing commitment to offering wireless communications services, such as PCS, makes it uniquely qualified to comment in this proceeding.

2. In fashioning a method for the licensing of PCS through spectrum auctions, Dial Page believes the Commission should be guided by three goals: (1) speed in issuing the authorizations so that the public may be provided service with dispatch; (2) flexibility to operators to fashion their services to best meet customer demand; and (3) fairness to those entities bidding for licenses. With these goals in mind, Dial Page wishes to concentrate on two key areas of concern: combinatorial bids and preference categories.

3. Combinatorial bidding. Dial Page opposes the concept of combinatorial bidding. Such a practice is directly contrary to the Congressional mandate to the Commission to make opportunities available for small business entities. If combinatorial bidding is allowed, the bulk of the PCS spectrum will likely be awarded to the larger operators.

4. Moreover, administrative problems exist in implementing a system of combinatorial bidding. Such a practice is likely to result in multiple overlapping bids, creating huge daisy chains for the Commission to untangle. This is likely, in turn, to delay significantly the process of awarding licenses, directly contrary to Congress's mandate.

5. In addition, the process would be unfair to winning bidders for individual markets who presumably would be required immediately to ante up 20 percent or so of their winning bids, only to be forced to wait and see what happens when the combinatorial bids are submitted. In light of this fact, Dial Page perceives that few, if any, small operators would be willing to tie up their capital by bidding on a PCS frequency block if it could be taken out from under them, even if theirs were the highest bid. The ultimate result of such combinatorial bidding is likely to be lower bids than if the spectrum were awarded by individual market area.

6. Despite these serious concerns, should combinatorial bidding nevertheless be allowed, it should be limited only to the MTAs, and not allowed at all in the BTAs. The BTAs should be reserved for smaller, independent operators who cannot hope to raise the capital necessary to compete for award of a frequency block nationwide or regionally.

7. Furthermore, to the extent combinatorial bidding is allowed, those bids should be submitted prior to the bidding for individual markets, and should be used as a floor for individual market auctions.<sup>2/</sup> Combinatorial bidders should also be required to make a significant up-front deposit of 50 percent of the bid when placing their bids to avoid speculators who are unable to finance a winning bid. Finally, combinatorial bidders should be required strictly to meet the build-out requirements in all MTAs

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<sup>2/</sup> Since winning individual market bidders will be required to put down sizable deposits, they should not be subjected to the uncertainty of waiting on combinatorial bids.

they acquire by combinatorial bidding or they should forfeit their combined market license. This is an important safeguard necessary to prevent speculators who would otherwise tie up smaller markets which would have been built in the absence of a winning combinatorial bid.

8. Preference items. Although Dial Page supports the Commission's proposal to provide certain preference items for small businesses, rural telephone companies, minorities and women, Dial Page believes that the award of such preferences must be limited to those who are truly in need of such special preferences to participate in PCS. As Dial Page sees it, only those entities which truly might suffer from a lack of access to capital should receive any preferences. Accordingly, Dial Page would require that minority and female applicants meet the qualifications of small businesses to receive any auction preferences. It simply defies rationality to base the award of such preferences on a perceived lack of access to capital, while awarding such preferences to entities owned by groups of multi-millionaires.

9. Moreover, to assist in evaluating whether an enterprise qualifies as a small business, the Commission should require detailed disclosures concerning the bidder's ownership and financial arrangements. Dial Page's frank concern is to prevent alleged small business entities from being "shills" of large corporate applicants. The FCC should therefore closely examine so-called consortia, affiliates, construction agreements and other tie-ins between companies which could merely serve as a means for

tie-ins between companies which could merely serve as a means for big companies to take advantage of benefits meant for truly small enterprises.

10. Likewise, although Dial Page supports proposed preferences for rural telephone companies, such companies should be truly small telephone companies. Dial Page suggests that the Commission define such entities as local exchange carriers, including affiliates under common control, which in the aggregate serve no more than 150,000 access lines.

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11. Dial Page supports the Commission's efforts to expeditiously license PCS spectrum and to provide economic opportunities for persons who suffer from a lack of opportunity to compete to provide new telecommunications services. Adoption of the specific proposals set forth above will serve to ensure that these goals are in fact met.

Respectfully submitted,

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